



***Our first care is your health care***

ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

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March 1, 2006

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Dear Gary:

In accordance with Special Term and Condition number 6, please find enclosed the Quarterly Progress Report for October 1, 2005 through December 31, 2005.

If you have any questions about the enclosed report, please contact me at (602) 417-4019.

Sincerely,

January Contreras  
AHCCCS  
Office of Intergovernmental Relations

Enclosure

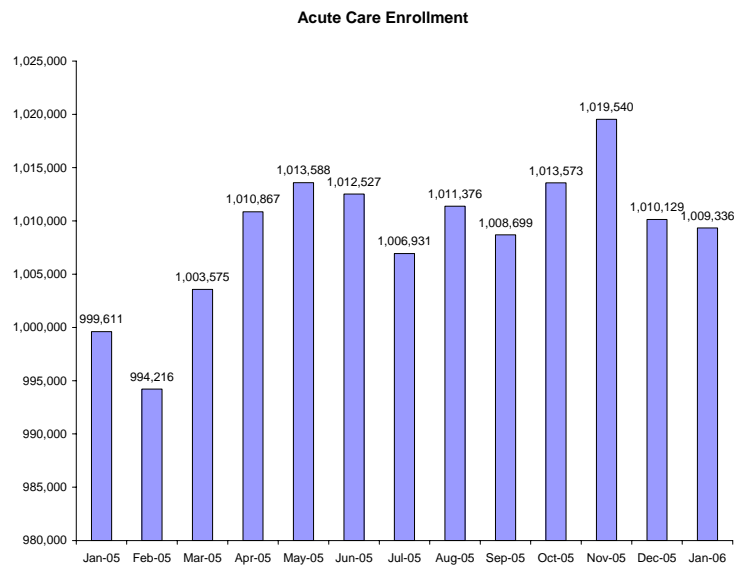
c: Ron Reepen

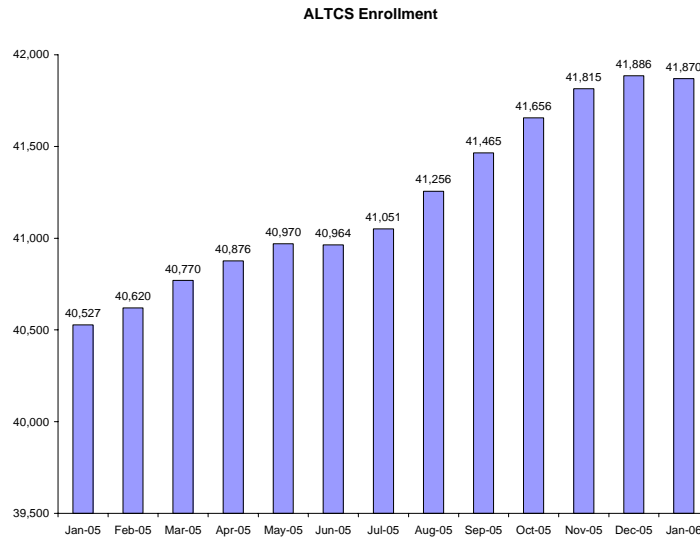
# AHCCCS QUARTERLY PROGRESS REPORT FOR OCTOBER 1, 2005 THROUGH DECEMBER 31, 2005

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### AHCCCS Population





## Organization/Key Personnel Changes

Theresa Gonzales joined the Office of Intergovernmental Relations as the new Intergovernmental Relations Liaison.

Elizabeth Baskett was hired as the new Chief Legislative Liaison in the Office of Intergovernmental Relations.

## Program Changes

Arizona continues to work with CMS to ensure that dual eligible beneficiaries receive the prescription drug coverage they need during the implementation of the Medicare Modernization Act of 2003 (MMA). The entire staff from the Division of Member Services (DMS) was trained to answer general questions about Medicare Part D. This includes the entire call center and eligibility specialists- for a total of about 700 employees. Arizona will make staff available on January 1<sup>st</sup> and 2<sup>nd</sup>, 2006. The Communications Center Core Team, a specialized Part D staff, is using a referral tree to answer or direct calls to the appropriate entity. There is also an internal Medicare Part D hotline number which is solely dedicated to take high priority calls on Medicare Part D. AHCCCS continues to work with CMS to resolve data and other service issues.

AHCCCS continues to develop its 1115 Waiver Renewal Proposal. AHCCCS will briefly summarize key elements of its current program. The proposal will also include an outline of the waiver evaluation which will list the current mechanisms in place to obtain data and measure the effects, impacts and outcomes of the waiver demonstration. An updated Employer Sponsored Insurance Proposal will be included with the waiver renewal proposal. Arizona will be seeking expenditure authority to reimburse spouses of members of the Arizona Long Term Care System (ALTCS) to serve as caregivers. Other outstanding proposals include a proposal to implement premiums for ALTCS children whose family income exceeds 400% FPL, and a proposal to disregard interest income during eligibility determinations. In addition, AHCCCS will be seeking waiver authority related to choice in managed care in hopes to maintain the current proven model.

## Quality Improvement

The following quality improvement deliverables were submitted during this quarter:

- Quarterly Quality Improvement Initiative Report
- LTC Measures – Diabetic care annual HbA1c, biennial lipid profile and biennial retinal exams
- Acute care indicators – adult access to preventive and ambulatory care, children's access to PCP
- Acute care indicators – combined prenatal indicator, breast cancer screening, and cervical cancer screening
- HIV Perinatal Initiative

## Legal

AHCCCS v. CMS (IHS Referral Issue) – The US District Court for Arizona ruled in favor of the state on April 24, 2005. A three-judge panel of the 8<sup>th</sup> Circuit Court of Appeals ruled in favor of CMS three days later. CMS has indicated intent to appeal the decision of the US District Court for Arizona. North and South Dakota have asked the 8<sup>th</sup> Circuit Court of Appeals to review its decision.

Ball v. Rodgers (HCBS class action) – Judge Carroll issued an Order on May 24, 2005 in which the Judge proposes to retain jurisdiction of the case through 12/31/08. The Order proposes to amend the Injunction of last August by requiring AHCCCS to finalize a system for HCBS individuals without gaps in critical services by 8/15/05. The Order proposes that AHCCCS provide each individual with critical services without gaps. Critical services are defined to include personal care services such as bathing, toileting, feeding, transferring and assistance with other similar daily activities. (Homemaker services are not mentioned) Gaps in critical services are to be corrected within 2 hours. The Order also proposes that AHCCCS implement an expedited grievance process by 8/15/05 and that AHCCCS provide a rate of pay to health care workers sufficient to attract enough health care workers to deliver the above critical services. Additionally, the Judge identifies several factors that must be considered by the Agency in determining rates of pay such as Medicare rates, private sector rates and the current level of supply and demand. By 9/15/05, AHCCCS is to submit an independent study of the private sector's delivery of HCBS services in Arizona that analyzes the extent to which the critical services "are as available to AHCCCS members as they are to the general population." Reporting requirements regarding gaps are also delineated.

On June 28, 2005, Judge Carroll issued an Order which contained minor modifications to his previous Order in May: The filing date for Defendant's independent study of the private sector's delivery of HCBS services was changed from 9/15/05 to 10/15/05, and Defendant's initial monthly report of gaps in critical services has been moved from 8/15/05 to 9/1/05. Consistent with the prior ruling, the most recent Order requires AHCCCS to inform all qualified individuals of their rights by August 15, 2005. With respect to the appeal in this matter, AHCCCS filed its Opening Brief with the Ninth Circuit on June 20, 2005; the Plaintiffs are expected to file their Response in August.

Padilla v. Rodgers (ESRD class action) – CMS was brought back in as a defendant and federal payment of disallowed amounts must be made. AHCCCS has been working with the plaintiffs and CMS counsel on a consent decree - a stipulated settlement agreement that will be enforceable by the court. Most issues have been resolved. Plaintiffs have agreed to a clause that excuses performance on the part of the state if there is a change in federal law, but are reluctant to agree to excusing performance based on a nation-wide change in federal policy.

Newton-Nations, et al. v. Rodgers (Co-pay class action) – Motions for summary judgment are pending with the court.

Samaritan Health Systems v. AHCCCS (Outlier Litigation) – No change to report.

## **Legislation**

AHCCCS will run three proposals for the 2006 legislative session: Arizona 2-1-1 and two third party liability proposals. Arizona 2-1-1 is being proposed to provide authority to run both a web based and call-center based information system offering statewide disaster response, homeland security and health and human service information to the public and community organizations that provide assistance to the public. One personal liability bill requires the personal representative of an AHCCCS member to notify the AHCCCS administration of the member's estate or property within 3 months after the member's death if the member was at least 55 and the administration has not already filed a statement or claim in the estate proceedings. The other bill requires an AHCCCS member or legal representative to provide written notice to the AHCCCS administration within 10 calendar days after the start of civil action or other proceeding to allow access to recover any related costs to the program.

## **State Plan**

Included at the end of the report is a tracking document that provides the dates that Title XIX and Title XXI State Plan Amendments were submitted and approved.

## **AHCCCS Contractors**

AHCCCS will issue a Request for Proposals (RFP) for statewide Arizona Long Term Care System contracts in February of 2006. An internal work group is working to discuss the details of the process.

## **Upcoming Quarter**

The AHCCCS Waiver Renewal Proposal will be submitted March 10, 2006.

## State Plan Amendments Title XIX 2005

SPA#	Description	Mandatory	Qtr Due to CMS	Filed	Approved	Effective Date
			Jan-Mar			
			April-Jun			
05-001	Disregard interest and dividend income from excluded resources	No		2/4/05	4/08/05	1/01/05
05-002	Continue \$4500 auto exclusion	No		3/17/05	5/05/05	3/09/05
05-003	MMA and the Low-Income Subsidy	No		7/28/05	9/1/05	7/01/05
05-004	MMA and continued Medicaid prescription drug coverage	No		8/16/05	10/26/05	1/01/06
05-005	Updates the average monthly costs for nursing facility services.	Yes	Jul-Sept	9/30/05	11/30/05	10/1/05
05-006	FBR, PNA and CSRD			12/14/05	2/7/06	1/1/06
05-007	FFS for LTC Facilities			12/27/05		10/1/05

